

RECORDATION NO. 21081-C FILED

APR 2 '98

10-41 AM

OSTER

Researching Services

12897 Colonial Dr. • Mt. Airy, Md. 21771
301-253-6040

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SURFACE TRANSPORTATION
BOARD

APR 2 10 42 AM '98

April 2, 1998

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recording with the Surface Transportation Board is a Schedule to Master Lease Agreement dated 4/1/98 which is a supplemental agreement to the Master Lease Agreement dated 12/9/97, STB Recordation #21081.

Please record this agreement as a secondary document to STB Recordation #21081. The filing fee of \$26 is enclosed.

Thank you for your assistance.

Sincerely,

Mary Ann Oster

Mary Ann Oster
Research Consultant

Enclosures

Counter parts - Mary A Oster

SCHEDULE TO MASTER LEASE AGREEMENTRECORDATION NO. 21081-C

FILED



APR 2 '98

10-41AM

Schedule Number 11742.003

THIS SCHEDULE made as of **April 1, 1998**, by and between **U.S. BANCORP LEASING & FINANCIAL** ("Lessor"), having its principal place of business at 7659 S.W. Mohawk Street, Tualatin, Oregon 97062, and **Atlantic & Western Railway, Limited Partnership** ("Lessee"), having its principal place of business located at **PO Box 1208, Sanford, North Carolina 27330-1208**, to the Master Lease Agreement dated as of **December 9, 1997** between the Lessee and the Lessor (the "Lease"). Capitalized terms used but not defined herein are used with the respective meanings specified in the Lease.

LESSOR AND LESSEE HEREBY COVENANT AND AGREE AS FOLLOWS:

- (a) The following specified equipment (the "Property") is hereby made and constituted Property for all purposes pursuant to the Lease:

See Exhibit "A" attached hereto and made a part hereof

- (b) The cost of the Property is \$854,306.00;

X Please Initial Here: DSH

- (c) This Schedule shall commence on April 1, 1998 and shall continue for one hundred eighty (180) months thereafter.

- (d) Lessee shall owe sixty (60) basic quarterly rental payments in arrears each in the amount of \$23,033.66 (plus applicable sales/use taxes). The first such payment shall be due on July 1, 1998 and shall continue on the same day of each successive quarter thereafter until the end of the term of this Schedule.

- (e) The Property will be used primarily in the continental United States but, as necessary, on an incidental basis (which in no event shall exceed fifty per cent (50%) of the time), in Mexico and Canada.

- (f) The record owner of the premises at which the Property will be installed or stored is: ;

1. LATE CHARGE. If any installment of Rent shall not be received by Lessor or Lessor's Assignee within ten (10) days after such amount is due, Lessee shall pay to Lessor a late charge equal to two and one-half percent (2.5%) of such overdue amount.

2. TITLE PASSAGE. a. As long as no event of default has occurred under the Lease, Lessee shall have the options, to purchase all, but not part, of the Property at the end of the Term or any renewal thereof (hereinafter called the "End of Term Option Date" and "End of Term Option").

b. The above Option may only be exercised by Lessee by written notice of such exercise to Lessor, which notice must be received by Lessor not later than one hundred eighty (180) days prior to the End of Term Option Date to exercise the End of Term Option. Payment of the purchase price must be received by Lessor on or before the End of Term Option Date.

c. The End of Term purchase price for the Property shall be the fair market value of the Property at the time of such exercise as mutually agreed upon by Lessor and Lessee, not to exceed twenty-five percent (25%) of the original cost of the Property. If such parties cannot agree thereon after good faith negotiation, the purchase price of the Property shall be the value determined by an appraisal of the Property made by a reputable independent equipment appraiser certified for the type of Property being appraised. The appraiser shall be selected by Lessor and the cost of the appraisal shall be paid by Lessee. Such purchase price shall not be deemed to be equal to the "anticipated residual value" as such phrase is used in the Lease.

d. Upon receipt of payment of the purchase price together with any and all applicable sales or other taxes due in connection therewith, and any and all remaining sums or other amounts payable under this Schedule, Lessor shall transfer all its right, title and interest in and to the Property to Lessee. The Property shall be transferred "As Is" and "Where Is" without any lien or

encumbrance arising through Lessor and without any express or implied representations or warranties.

e. Should Lessee fail to either return the Property in accordance with the Lease or exercise the End of Term Option in accordance with its terms, then Lessor, at its sole option, shall have the right to: a) declare the End of Term Option terminated and demand immediate return of the Property; or, b) extend the Term for an additional six (6) months (the "Extended Term"). Should Lessor elect to extend the Term, Lessee shall be irrevocably obligated to remit basic quarterly rent for the period beginning on the day immediately succeeding the last day of the original Term (the "Holdover Date") and ending at the end of the sixth (6) month thereafter. A payment of such rent being due on the Holdover Date and on the same day of each successive quarter thereafter. Each payment of such rent shall be in the amount of the basic quarterly rent for the last quarter of the Term in accordance with the provisions of this Schedule. All Lessee's other obligations under the Lease shall remain in full force and effect for so long as Lessee shall continue to possess the Property. Upon the expiration of each Extended Term, Lessor, at its sole option, shall have the right to: a) permit Lessee to exercise the End of Term Option in accordance with its Terms; b) declare the End of Term Option terminated and demand immediate return of the Property; or, c) extend the Term for an additional six (6) month Extended Term. Any and all rental payments pursuant to this Paragraph shall be deemed for all intents and purposes to be payments for possession and use of the Property after the expiration of the Term, and shall not be credited to any other obligation of Lessee to Lessor. Lessor's invoicing and/or accepting any such payment shall not give rise to any right, title or interest of Lessee other than to possession and use of the Property during the period to which such rent applies in accordance with this Paragraph. The aforesaid right to charge Lessee rent for possession and use of the Property is not in limitation or derogation of any of Lessor's rights pursuant to the Lease.

3. MAINTENANCE, USE, AND RETURN PROVISIONS. The Lessee, at its own expense and risk shall throughout the Lease Term maintain, and repair so as to keep the Railcars in good operating condition under Interchange Rules, as defined by the Association of American Railroads (AAR); ordinary wear and tear excepted, and in accordance with maintenance standards at least equal to the industry standards of maintenance for similar railcars operating on the lines of Class I Railroads and in the manner and in the same condition as Lessee would, in the prudent management of its own business, maintain and repair similar equipment owned by it at such time (or operated by the Lessee at such time under net leases with an original term of 15 years or less) so that such Railcars will remaining (i) in as good operating condition for the commodities carried as when originally delivered (ordinary wear and tear excepted), (ii) mechanically suitable for interchange generally by the Lessee and (iii) eligible under all manufacturer's warranties, if available. The Lessee agrees that it will not discriminate against any Railcar (as compared to other similar Railcars owned or operated by the Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease. Interchange condition to include the replacement of missing materials and the correction of wrong repairs and items listed in the Interchange Rules as cause for renewal and cause for attention; free of Rule 95 damage; suitable for loading of the commodities allowed in the applicable Schedule; and free from all accumulations or deposits from commodities transported in or on it while in the service of Lessee. Any item that is damaged or worn beyond what is considered to be normal by the original component manufacturer shall be deemed to have been damaged beyond normal wear and tear and shall be replaced at the Lessee's expense.

Lessee shall return all records including the then current AAR UMLER format for hard copy records. Lessee shall continue to allow the Cars to be registered in UMLER until the Cars are remarked.

Maintenance means all repairs, maintenance, replacement of parts and mandated modifications as are needed to keep any Car in good working order and repair, suitable for loading and Interchange and in accordance with Interchange Rules, and the rules of any other applicable regulatory body.

Interchange Rules means collectively the Field Manual of the AAR Interchange Rules and the Office Manual of the AAR Interchange Rules. References herein to the Interchange Rules provide performance standards and criteria for the condition of the Cars and their maintenance and repair.

Ninety (90) days prior to lease expiration, Lessee shall provide written notification of intent to return the Cars, and demonstrate that the Cars can perform at its performance specifications according to the original manufacturer. An independent certified expert acceptable to Lessor and Lessee shall demonstrate the performance of the Cars and the physical condition as defined herein. If it is determined that improvements under the manufacturer's performance standards are needed, Lessee shall cause such improvements to be made prior to the return of the Cars. Lessee shall provide, at Lessor's request, up to one hundred eighty (180) days free storage of the equipment at the location Lessor designates.

4. DEPRECIATION. Lessor will be entitled to modified accelerated cost recovery depreciation based on 100% of Property Cost using the 200% declining balance method, switching to straight line, for seven (7) year Property, and zero salvage value.

5. **STIPULATED LOSS.** If any Item of Property shall suffer a casualty loss or destruction, Lessee shall give written notice to Lessor, within ten (10) business days of such event. Lessee shall pay to Lessor the Stipulated Value of the item of Property as specified in the attached Stipulated Loss Schedule, prior to the end of the first rental period following the event of loss or destruction. After payment of such amount Lessee's obligation to pay rental for the item shall thereafter terminate.

This Agreement may be executed in separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall together constitute and shall be one and the same instrument.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Schedule to be duly executed as of the day and year first above written.

Atlantic & Western Railway, Limited Partnership
(LESSEE)

By: *D. Scott Helms*
Rail Management and Consulting
Corporation/General Partner
By: ~~K. Earl Durden/President~~
D. Scott Helms, Secretary/Treasurer

(All signatures must be notarized in the appropriate space below)

CORPORATE ACKNOWLEDGMENT

STATE OF FLORIDA)
)SS.
County of BAY)

APRIL 1, 1998

Personally appeared D SCOTT HELMS, and
who, being sworn, stated
that he/she, the said D SCOTT HELMS is a
SEC/TRES, and he/she, the said
is a
of corporation and acknowledged
that this Document was voluntarily signed in behalf of
the corporation by Authority of its Board Directors.

Before me:

Ann S Sellers
Notary Public for

Feb 15 2000
My commission expires:

U.S. Bancorp Leasing & Financial
(LESSOR)

By: _____
An Authorized Officer Thereof

CORPORATE ACKNOWLEDGEMENT

STATE OF _____)
)SS.
County of _____)

_____, 19__

Personally appeared _____ and
who, being sworn, stated
that he/she, the said _____ is a
, and he/she, the said
is a
of corporation and acknowledged
that this Document was voluntarily signed in behalf of
the corporation by Authority of its Board Directors.

Before me:

Notary Public for

My commission expires:



ANN S SELLERS
My Commission CC533083
Expires Feb. 15, 2000

Address for All Notices:
U. S. BANCORP LEASING & FINANCIAL
7659 SW Mohawk Street
Tualatin, Oregon 97062

Machine Tool Finance Group
(800) 225-8029 (503) 797-0222

General Equipment Group
(800) 253-3468 (503) 797-0200

EXHIBIT "A" TO SCHEDULE TO MASTER LEASE AGREEMENT 11742.003

PAGE 1 OF 4

OLD CAR #

NEW CAR #

LRS 5001	ATW 75001
LRS 5002	ATW 75002
LRS 5003	ATW 75003
LRS 5004	ATW 75004
LRS 5005	ATW 75005
LRS 5006	ATW 75006
LRS 5007	ATW 75007
LRS 5008	ATW 75008
LRS 5009	ATW 75009
LRS 5010	ATW 75010
LRS 5011	ATW 75011
LRS 5012	ATW 75012
LRS 5013	ATW 75013
LRS 5014	ATW 75014
LRS 5016	ATW 75016
LRS 5017	ATW 75017
LRS 5018	ATW 75018
LRS 5019	ATW 75019
LRS 5020	ATW 75020
LRS 5021	ATW 75021
LRS 5022	ATW 75022
LRS 5023	ATW 75023
LRS 5024	ATW 75024
LRS 5025	ATW 75025
LRS 5026	ATW 75026
LRS 5027	ATW 75027
LRS 5028	ATW 75028
LRS 5029	ATW 75029
LRS 5030	ATW 75030
LRS 5031	ATW 75031
LRS 5032	ATW 75032
LRS 5033	ATW 75033
LRS 5034	ATW 75034
LRS 5035	ATW 75035
LRS 5037	ATW 75037
LRS 5039	ATW 75039
LRS 5040	ATW 75040
LRS 5041	ATW 75041
LRS 5042	ATW 75042
LRS 5043	ATW 75043
LRS 5044	ATW 75044
LRS 5045	ATW 75045
LRS 5046	ATW 75046
LRS 5047	ATW 75047

Seventy-one (71) 70 ton cushioned sliding
door boxcars, plate C, built 1978-1980

LRS 5048	ATW 75048
LRS 5049	ATW 75049
LRS 5050	ATW 75050
LRS 5051	ATW 75051
LRS 5052	ATW 75052
LRS 5053	ATW 75053
LRS 5054	ATW 75054
LRS 5055	ATW 75055
LRS 5056	ATW 75056
LRS 5057	ATW 75057
LRS 5058	ATW 75058
LRS 5059	ATW 75059
LRS 5060	ATW 75060
LRS 5062	ATW 75062
LRS 5063	ATW 75063
LRS 5064	ATW 75064
LRS 5065	ATW 75065
LRS 5066	ATW 75066
LRS 5067	ATW 75067
LRS 5068	ATW 75068
LRS 5069	ATW 75069
LRS 5070	ATW 75070
LRS 5071	ATW 75071
LRS 5072	ATW 75072
LRS 5073	ATW 75073
LRS 5074	ATW 75074
LRS 5075	ATW 75075

LRS 4002	ATW 74002
LRS 4003	ATW 74003
LRS 4004	ATW 74004
LRS 4007	ATW 74007
LRS 4011	ATW 74011
LRS 4013	ATW 74013
LRS 4014	ATW 74014
LRS 4024	ATW 74024
LRS 4026	ATW 74026
LRS 4027	ATW 74027
LRS 4030	ATW 74030
LRS 4031	ATW 74031
LRS 4033	ATW 74033
LRS 4036	ATW 74036
LRS 4037	ATW 74037
LRS 4042	ATW 74042
LRS 4046	ATW 74046
LRS 4052	ATW 74052
LRS 4053	ATW 74053
LRS 4054	ATW 74054
LRS 4057	ATW 74057

Thirty-two (32) 50 foot rigid,
grandfathered boxcars

LRS 4060	ATW 74060
LRS 4065	ATW74065
LRS 4067	ATW 74067
LRS 4077	ATW 74077
LRS 4081	ATW 74081
LRS 4082	ATW 74082
LRS 4084	ATW 74084
LRS 4086	ATW 74086
LRS 4088	ATW 74088
LRS 4092	ATW 74092
LRS 4094	ATW 74094

LRS 5077	ATW 75077
LRS 5078	ATW 75078
LRS 5079	ATW 75079
LRS 5080	ATW 75080
LRS 5081	ATW 75081
LRS 5082	ATW 75082
LRS 5083	ATW 75083
LRS 5084	ATW 75084
LRS 5085	ATW 75085
LRS 5087	ATW 75087
LRS 5088	ATW 75088
LRS 5090	ATW 75090
LRS 5091	ATW 75091
LRS 5092	ATW 75092
LRS 5093	ATW 75093
LRS 5094	ATW 75094
LRS 5095	ATW 75095
LRS 5096	ATW 75096
LRS 5097	ATW 75097
LRS 5098	ATW 75098
LRS 5099	ATW 75099
LRS 5100	ATW 75100
LRS 8001	ATW 78001
LRS 8002	ATW 78002

Twenty-four (24) 50 foot cushioned,
grandfathered boxcars

LRS 2001	ATW 72001
LRS 2002	ATW 72002
LRS 2005	ATW 72005

Three (3) 60 foot cushioned,
grandfathered boxcars

LRS 2003	ATW 72003
LRS 2004	ATW 72004

Two (2) 60 foot,
grandfathered boxcars

LRS 4006	ATW 74006
LRS 4017	ATW 74017
LRS 4018	ATW 74018
LRS 4021	ATW 74021

Thirty (30) 50 foot,
grandfathered boxcars

LRS 4023	ATW 74023
LRS 4025	ATW 74025
LRS 4028	ATW 74028
LRS 4032	ATW 74032
LRS 4034	ATW 74034
LRS 4035	ATW 74035
LRS 4039	ATW 74039
LRS 4041	ATW 74041
LRS 4045	ATW 74045
LRS 4055	ATW 74055
LRS 4056	ATW 74056
LRS 4058	ATW 74058
LRS 4059	ATW 74059
LRS 4061	ATW 74061
LRS 4062	ATW 74062
LRS 4070	ATW 74070
LRS 4073	ATW 74073
LRS 4074	ATW 74074
LRS 4080	ATW 74080
LRS 4083	ATW 74083
LRS 4085	ATW 74085
LRS 4089	ATW 74089
LRS 4096	ATW 74096
LRS 4097	ATW 74097
LRS 4098	ATW 74098
LRS 4099	ATW 74099

LRS 5076	ATW 75076
LRS 5086	ATW 75086
LRS 5089	ATW 75089

Three (3) 50 foot cushioned,
grandfathered boxcars

Atlantic & Western Railway, Limited Partnership

By:



Rail Management Consulting Corporation
General Partner

By:

~~K. Earl Durden, President~~

D. Scott Helms, Secretary/Treasurer

5. **STIPULATED LOSS.** If any Item of Property shall suffer a casualty loss or destruction, Lessee shall give written notice to Lessor, within ten (10) business days of such event. Lessee shall pay to Lessor the Stipulated Value of the item of Property as specified in the attached Stipulated Loss Schedule, prior to the end of the first rental period following the event of loss or destruction. After payment of such amount Lessee's obligation to pay rental for the item shall thereafter terminate.

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Atlantic & Western Railway, Limited Partnership
(LESSEE)

U.S. Bancorp Leasing & Financial
(LESSOR)

By: _____
Rail Management and Consulting
Corporation/General Partner
By: K. Earl Durden/President

By: Jan 2 Seidman V.P.
An Authorized Officer Thereof

(All signatures must be notarized in the appropriate space below)
CORPORATE ACKNOWLEDGMENT

STATE OF _____)
)SS.
County of _____)
_____, 19__

Personally appeared _____, and
_____ who, being sworn, stated
that he/she, the said _____ is a
_____, and he/she, the said
_____ is a _____
_____ of corporation and acknowledged
that this Document was voluntarily signed in behalf of
the corporation by Authority of its Board Directors.

Before me:

Notary Public for

My commission expires:

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon)
)SS.
County of Multnomah)
4-01-, 1998

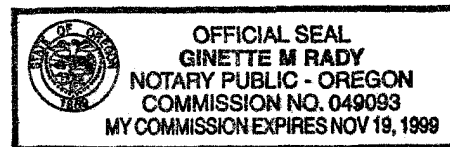
Personally appeared Jim Eilday and
_____ who, being sworn, stated
that he/she, the said _____ is a
Vice President, and he/she, the said
_____ is a _____
_____ of corporation and acknowledged
that this Document was voluntarily signed in behalf of
the corporation by Authority of its Board Directors.

Before me:

Ginette M. Rady
Notary Public for

11-19-99
My commission expires:

Address for All Notices:
U. S. BANCORP LEASING & FINANCIAL
7659 SW Mohawk Street
Tualatin, Oregon 97062



Machine Tool Finance Group
(800) 225-8029 (503) 797-0222

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